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Special Committee on the Situation with regard to the Implementation of the Declaration on the Granting of Independence to Colonial Countries and Peoples

Cayman Islands

Working paper prepared by the Secretariat

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Note: The information contained in the present working paper has been derived from public sources, including those of the territorial Government, and from information transmitted to the Secretary-General by the administering Power under Article 73 *e* of the Charter of the United Nations. Information was transmitted by the administering Power on 11 January 2012. Further details are contained in previous working papers, available from www.un.org/en/decolonization/workingpapers.shtml.

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The Territory at a glance

Territory: The Cayman Islands is a Non-Self-Governing Territory under the Charter administered by the United Kingdom of Great Britain and Northern Ireland.

Representative of administrative Power: Governor Duncan Taylor (January 2010).

Geography: Located some 290 km west of Jamaica and about the same distance south of Cuba, the Territory comprises three islands: Grand Cayman, Cayman Brac and the adjacent Little Cayman.

Land area: 264 km^2.

Exclusive economic zone: 119,137 km^2.[a]

Population: 55,036 (2010 census), approximately 56 per cent of which are Caymanian and 44 per cent are non-Caymanian. The British Overseas Territories Act 2002 provides for the granting of British citizenship to British Overseas Territory citizens.

Ethnic composition: Afro-European (40 per cent), African (20 per cent), European (20 per cent), other (20 per cent).

Languages: English.

Capital: George Town.

Head of the territorial Government: McKeeva Bush.

Main political parties: United Democratic Party and People's Progressive Movement.

Elections: The most recent elections were held in May 2009; the next elections are due in 2013.

Legislature: 18-member Legislative Assembly (15 elected and 3 ex officio members).

Gross domestic product per capita: CI$ 42,442 (2010 estimate).

Economy: Offshore financial services and tourism.

Main trading partners: United States of America.

Unemployment rate: 6 per cent (2009 estimate).

Monetary unit: Cayman dollar, pegged to the United States dollar at CI$ 0.83.

Brief history: The Territory was reportedly sighted by Christopher Columbus in the late fifteenth century and one century later by Sir Francis Drake. The first recorded British settlements were established between 1661 and 1671. The first land grant by the British Governor of Jamaica, in 1734, was aimed at developing an existing settlement and included the use of slaves. A tradition of self-government gradually grew in the Territory, with matters of public concern initially decided at meetings of all free men. A legislative assembly was established in 1831,

and slavery was abolished in 1834. The constitutional relationship between the Territory and Jamaica remained ambiguous until 1863, when an act of the United Kingdom Parliament made the Cayman Islands a dependency of Jamaica. When Jamaica achieved independence in 1962, the Islands remained under the British Crown.

[a] Data from the Sea around Us project, a collaboration between the University of British Columbia and the Pew Environment Group (www.seaaroundus.org).

I. Constitutional, legal and political issues

1. Under the 2009 Constitution, the Governor, appointed for four years by the British Crown, is responsible for external affairs, defence, internal security and the civil service.

2. The Territory's Cabinet is headed by a Premier. The Governor appoints as Premier the member of the Territory's 18-member Legislative Assembly who is recommended by the party with the majority of seats. The Cabinet is chaired by the Governor and consists of five ministers elected by and from within the elected membership of the Legislative Assembly, and two appointed civil servants.

3. During the general elections held in 2009, the United Democratic Party won over the incumbent People's Progressive Movement, winning 9 of the then 15 seats in the Legislative Assembly. The People's Progressive Movement won five seats, and an independent candidate secured one seat. As a result, McKeeva Bush, leader of the United Democratic Party, replaced Kurt Tibbetts as the Leader of Government Business (now known as the Premier).

4. The judiciary consists of a Summary Court (including the Youth Court), a Grand Court and a Court of Appeal. The Summary Court has civil and criminal jurisdiction. Appeals from the Summary Court lie to the Grand Court, which is a superior court of record and administers the common law, the law of equity of England and locally enacted and applied laws. Appeals from the Grand Court lie to the Court of Appeal, composed of a president and not less than two judges. Further appeal lies, in certain circumstances, to the Judicial Committee of the Privy Council in London. According to the 2011 Speech from the Throne, the Cayman Islands set up a Judicial and Legal Services Commission and appointed its first Director of Public Prosecutions.

5. At the Caribbean regional seminar on the implementation of the Third International Decade for the Eradication of Colonialism: goals and expected accomplishments, held in Kingstown from 31 May to 2 June 2011 under the auspices of the Special Committee on Decolonization, a representative of the Cayman Islands Chamber of Commerce, speaking also for the Concerned Citizens Group and People for Referendum, stated, inter alia, that the introduction of new administrative arrangements under the new Constitution was not considered a sincere attempt to advance towards self-determination. It appeared as if any movement towards self-determination was at an impasse for the Cayman Islands. He added that "constitutional modernization" was in itself not a move away from colonization, although it was often portrayed as a legitimate and acceptable means of decolonization (for the full text of the statement, see www.un.org/en/decolonization/regsem2011.shtml).

6. Speaking at a public meeting hosted by the Constitutional Commission on 18 October 2011, the Premier urged the commissioners to consider the issue of independence in their education campaign on the advancement of the Cayman Islands Constitution and the Territory's relationship with the United Kingdom of Great Britain and Northern Ireland. He was not advocating independence at the present time but rather urging the commissioners to begin talking about it.

7. On 18 November 2011, the Cayman Islands Review Committee, established by the Premier earlier in 2011, issued a report entitled "United Kingdom and Cayman

Islands Relationship Review". The Review Committee found among the central issues raised during the consultative exercise a desire to enhance the relationship between the Cayman Islands and the United Kingdom in new and mutually beneficial ways with a view to having more local autonomy, while at the same time establishing a relationship that effectively built in the necessary controls and allowed for sustained support from the United Kingdom, for instance when the Territory came under pressure from the international financial community. The Review Committee also found an interest in enabling the greatest possible amount of local governance, while at the same time ensuring that every necessary check was in place to guarantee that there was good governance, transparency in decision-making and accountability for decisions taken. Furthermore, in district meetings conducted by the Review Committee, reference was made to self-determination alternatives to independence that are permissible under the United Nations framework, including integration and free association. It was noted that a free association agreement could facilitate greater internal self-government without necessarily committing to independence.

II. Budget

8. According to the United Kingdom, the Territory's 2011/12 budget document forecasts total operating revenues of CI$ 535.8 million and total operating expenses of CI$ 489.9 million. Unaudited financial results indicated that during the financial year ended 30 June 2011, the territorial Government registered a net deficit of CI$ 23.4 million, compared with CI$ 44.4 million for the previous financial year. As outlined in the territorial Government's 2011 budget address, the Territory's five key fiscal strategies constituted the major pillars of the Government's short-term policy for the financial year 2011/12. Those strategies were: (a) control of Government expenditure; (b) management of public debt; (c) revenue enhancement; (d) financial improvement of statutory authorities and Government companies; and (e) public-private partnerships.

9. On 23 November 2011, the United Kingdom and the Cayman Islands signed a framework for fiscal responsibility that commits the Territory to prudent and transparent fiscal management through effective medium-term planning, putting value-for-money considerations at the heart of the territorial Government's decision-making and delivering improved accountability in all public sector operations.

10. According to the report issued in December 2011 by the Education International Research Institute on behalf of the Council of Global Unions entitled "Global Corporate Taxation and Resources for Quality Public Services", the Cayman Islands is a jurisdiction with no individual or corporate income tax. The principal sources of Government revenue are import duties, financial services, fees and stamp duties.

III. Economic conditions

A. General

11. The Cayman Islands has one of the highest standards of living in the Caribbean. The economy is based on the provision of financial services, the

dominant sector in the economy, and tourism. The Economist Intelligence Unit estimated the Territory's gross domestic product (GDP) for 2011 to be in the region of US$ 3 billion, with a growth rate of 1 per cent.

12. According to the Cayman Islands semi-annual economic report released in September 2011, in the first half of 2011 the Territory's economy grew by 1.3 per cent, and imports rose by 4.6 per cent to CI$ 360.9 million, indicative of a mild recovery.

13. The Government's openness to partnership that would facilitate economic activity in the private sector was evidenced by the work of the Ministerial Councils for Tourism and Housing, the Department of Commerce and Investment, the Tourism Advisory Council, the Financial Services Council and the National Investment Council, as well as meetings with foreign investors and the setting up of overseas investment offices. According to media reports, in 2011 the territorial Government established its first special economic zone to attract global science, technology, commodities and derivatives, media, and educational entities to the Cayman Islands.

B. Financial services

14. The financial services sector, one of the pillars of the Cayman Islands economy, accounts for approximately 42 per cent of GDP. As reflected in the Cayman Islands annual economic report for 2010, the sector exhibited mixed signals. Insurance licences declined by 4.4 per cent compared with the previous year. Downturns were recorded in mutual funds registration and stock exchange listings, while new company registrations grew by 3.7 per cent. Late in 2011, 9,439 hedge funds were registered in the Cayman Islands, 761 fewer than the record number of 10,200 reached in 2008.

15. According to the report issued by the Education International Research Institute in December 2011, foreign corporations pay licence fees to operate in the Cayman Islands. In 2011, the Cayman Islands decided to introduce a single revenue measure for the hedge funds sector and to regulate certain funds through the Cayman Islands Monetary Authority.

C. Tourism

16. Tourism and tourism-related services, including the recent emergence of so-called medical and sports tourism, accounted for 30 to 40 per cent of the Territory's GDP.

17. According to the Cayman Islands annual economic report for 2010, the tourist sector rebounded with a growth rate of 5.2 per cent, with an increase in air and cruise arrivals by 6 per cent and 5.1 per cent, respectively. A total of almost 1.9 million arrivals were reported, with some 288,000 tourists arriving by air in 2010.

18. According to the 2011 budget address, the above-par revenue performance of the tourism sector occurred as a result of an 8.2 per cent increase in long-stay arrivals and a 3.9 per cent increase in cruise ship passengers for the 10-month period

ended April 2011. For the 2011 calendar year, however, a downturn in cruise ship arrivals was recorded.

19. According to the 2011 Speech from the Throne, the Ministry of Finance, Tourism and Development would continue to enhance Owen Roberts International Airport, as well as cruise berthing facilities in George Town and Spotts. Other initiatives included the training of tourism service providers and public servants, as well as the promotion of a "Go green" initiative, with a view to promoting the Cayman Islands as a premier eco-tourism destination.

20. International air services link Grand Cayman to Canada, Cuba, Honduras, Jamaica, the United States of America and Europe. Domestic airline services and charters operate between the three islands.

D. Agriculture

21. In 2011 the primary strategic goal of the Territory's Department of Agriculture continued to be the enhancement of national food security through increased domestic production within targeted segments of the agricultural sector, based on a balanced focus on both traditional commercial farmers and backyard producers. According to information provided by the United Kingdom, in 2010 the sector posted growth of 2.1 per cent in its contribution to total GDP, increasing to CI$ 9.1 million from CI$ 8.9 million in 2009. Key crops include mangoes; fresh vegetables, such as tomatoes, sweet peppers and cucumbers; and root crops, such as yams and sweet potatoes. Cattle, pigs and goats make up the majority of the livestock subsector.

22. Furthermore, through the provision of agronomic advice and technical assistance, the Department continued to place emphasis on the adoption of protected agricultural systems as a mechanism for increasing domestic production. In Grand Cayman, those efforts resulted in both an expansion of the protected area, estimated at two acres in 2010, and an increase in total output.

E. Infrastructure

23. According to the Cayman Islands semi-annual economic report, construction dramatically declined in the first six months of 2011. The value of building permits declined by 21.3 per cent, and building permit numbers fell by 34.1 per cent. The number of project approvals declined by 44.8 per cent, to 387. According to the United Kingdom, public housing development is ongoing in 2011.

24. The road network of the Cayman Islands comprises approximately 785 km of roadways, the majority of which are located in Grand Cayman. According to the United Kingdom, in 2011 the Government reconstructed 3.3 km of urban collector roads, resurfaced 1 km of primary arterial road, constructed 2.1 km of rural collector road to provide access to the new Blue Iguana reserve in East End, and performed major maintenance or rehabilitation on 85 district roads. One major storm water management project was also completed in Bodden Town, where annual flooding during the rainy seasons was creating a public health hazard.

25. The port of George Town is the main gateway for cruise ships. According to official sources, in 2011 the Territory embarked on a major development of its cruise port facilities estimated at CI$ 300 million. A new cargo facility in East End is being developed.

F. Telecommunications and utilities

26. As a leading international business centre, the Cayman Islands is dependent on telecommunications and utility services. Four telephone companies provide fixed and/or mobile voice and data services, and there are 15 FM radio broadcasting stations and one television broadcaster. According to statistics from the Territory's Information and Communications Technology Authority, as at 30 June 2011 the total number of fixed and mobile telephone lines in service had decreased by 3.3 per cent to 133,177 over the previous year. Total domestic and international communication minutes had declined by 14.2 per cent and 16.6 per cent, respectively.

27. According to the United Kingdom, on Grand Cayman almost all power generation is reliant on imported diesel. The Caribbean Utilities Company has a non-exclusive licence to generate electricity and an exclusive licence to transmit and distribute it (on Cayman Brac and Little Cayman, the Cayman Brac Power and Light Company has exclusive licences). In 2010, the Caribbean Utilities Company served 22,620 residential and 3,816 commercial customers. According to the Territory's semi-annual economic report, both electricity and water consumption by residential and commercial consumers fell during the first half of 2011, in the midst of rising utility prices.

28. According to the 2011 Speech from the Throne, under the Ministry of District Administration, Works, Lands and Agriculture, the Territory's electricity regulatory authority was in the process of drafting a national energy policy.

IV. Social conditions

A. Labour and immigration

29. According to information contained in the Cayman Islands annual economic report for 2010, the estimated labour force that year comprised 35,859 persons, including 33,463 employed and 2,396 unemployed. The labour force declined in 2010 by an estimated 241 persons, and the number of unemployed rose by an estimated 216 persons.

30. The labour supply in the financial, construction, retail and office sectors is essentially demand-driven, with some 50 per cent of the demand being met through expatriate workers. According to the semi-annual economic report for 2011, work permits declined by 7.5 per cent, settling at 19,920. General background information on the Territory's immigration and related policies can be found in document A/AC.109/2011/13.

B. Education

31. The Ministry of Education, Training and Employment launched an Education Stabilization Plan during the 2010/11 academic year, laying out clear goals for enhancing leadership and governance; student performance; and skills for work readiness. The implementation of the Plan has led to the establishment of an Early Childhood Care and Education Unit, a pilot national curriculum and training programmes for early years practitioners. An inspection regime has also been established.

32. Education is compulsory for all resident children between 4 and 16 years of age. The public education system caters to about two thirds of Caymanian children, with the remainder attending fee-paying schools. Tuition is free for Caymanians at the public primary and high schools. Private schools also provide primary and/or secondary education and are monitored by the territorial Government.

33. Two public and two private institutions provide tertiary education. The University College of the Cayman Islands, until 2004 known as the Community College, is owned by the territorial Government and administered independently. The Cayman Islands Law School, affiliated with the University of Liverpool in the United Kingdom, is also Government-owned, whereas the International College of the Cayman Islands and the St. Matthew's University are private.

C. Public health

34. The Territory's Health Services Authority is responsible for the provision of all public health care. In addition to general medical care, a wide range of specialist services is locally available. Health Practice Councils are responsible for the registration of all health practitioners. There is one 124-bed Government-run hospital, which includes an emergency room, and the private 18-bed Chrissie Tomlinson Memorial Hospital, both in George Town. There is also an 18-bed Government-run hospital on Cayman Brac, as well as several district health centres and clinics throughout the Territory. The territorial Government spent CI$ 93.4 million on health care in the 2010/11 financial year.

35. Health insurance is compulsory in the Cayman Islands. The Cayman Islands National Insurance Company provides health insurance for about 13,000 customers, including civil servants; pensioners; other Government entities; seamen, veterans and their dependants; the Company's employees; and low-income Cayman residents with impaired health status. As the current minimum insurance does not provide adequate coverage, it continues to be under review. The strategic plan for the period 2010-2015 recognizes the need to improve revenues in the Territory's health sector.

D. Crime and public safety

36. The approximately 465-strong Royal Cayman Islands Police Service is headed by a Commissioner, who reports to the Governor. According to the United Kingdom, as at 1 December 2011, crime had decreased by almost 9 per cent compared with the previous year. Significant improvements have been evident in the prevention of burglary, with a reduction of 14 per cent (72 fewer offences), and firearms recovery, with an increase of 50 per cent.

37. According to the 2011 Speech from the Throne, the territorial Government attached great importance to security, which resulted in a reduction in crime. A crime prevention strategy agreed by the National Security Council was aimed at reducing both crime and reoffence rates. The Islands developed strategic partnerships with the law enforcement agencies of Canada, Jamaica and the United States. According to media reports, the administering Power sent one of its most senior political officers and gang experts to the Territory in 2011 to help in the area of crime investigation.

38. In 2011, the Territory's Prison Service offered programmes in line with its mandate to rehabilitate prisoners, while the Department of Community Rehabilitation provided community-based rehabilitation alternatives to imprisonment, including an intensive day supervision programme and a mentoring programme to help stem gang-related shootings.

39. The Cayman Islands Monetary Authority is the body responsible for monitoring compliance with international financial standards in the Territory and reporting findings to the territorial Government on a regular basis. As previously reported, in accordance with the Territory's Anti-Corruption Law, an Anti-Corruption Commission was established in 2010. Additional information can be found in document A/AC.109/2011/13.

40. The Financial Action Task Force, an independent intergovernmental body that develops and promotes policies to protect the global financial system against money-laundering and terrorist financing, provides general background information on money-laundering with respect to the Cayman Islands in their October 2010 report entitled "Money-Laundering Using Trust and Company Service Providers". A 2011 World Bank report entitled *The Puppet Masters: How the Corrupt Use Legal Structures to Hide Stolen Assets and What to Do about It* contained information on grand corruption cases with respect to the Territory.

41. With regard to security matters, the administering Power decided in 2011 to deploy a specially equipped Royal Fleet Auxiliary to support disaster relief and counter-narcotics efforts in the British Overseas Territories in the Caribbean in the implementation of decisions taken in its recent strategic defence and security review.

42. The success of the Drug Rehabilitation Court has resulted in the establishment of similar courts for mental health and domestic violence issues.

E. Human rights

43. The Territory is subject to several major human rights conventions to which the administering Power has acceded, including the European Convention on Human Rights. The Treaties and Conventions Unit within the Attorney General's Chambers oversees the extension of the international human rights instruments to the Cayman Islands.

44. In accordance with the provisions of the 2009 Constitution, the Territory set up a Human Rights Commission to replace the Human Rights Committee, with responsibilities such as receiving and investigating complaints of breaches or infringement of any right or freedom contained in any human rights treaty in force in the Islands. The Commission is also empowered to issue independent reports

relating to human rights and promote the understanding and awareness of human rights. However, the Commission does not have the authority to represent or provide representation to parties to litigation in which human rights issues may arise, act in a judicial capacity or make binding determinations upon any matter.

45. The territorial Government passed a Gender Equality Bill in September 2011. According to the 2011 Speech from the Throne, the new law requires employers to provide equal wages and promotion opportunities to men and women and prohibits sexual harassment at work. Furthermore, a new Freedom of Information Unit offers public sector training and support on the Freedom of Information Law and works on the eventual introduction of legislation on data protection. The Ministry of Community Affairs, Gender and Housing is responsible for empowering the vulnerable and disadvantaged.

V. Environment and disaster preparedness

46. In 2010, the Department of Environment completed the first draft of a national climate change adaptation and mitigation policy. A Cayman Islands climate change policy was released in September 2011, which outlined consensus-based interventions to be implemented over five years to address the impact of climate change on the Territory, including measures to curb greenhouse gas emissions.

47. According to the 2011 Speech from the Throne, in addition to the further development of Barkers National Park, the territorial Government promoted a comprehensive solid-waste disposal management and waste-to-energy facility for Grand Cayman, while completing solid-waste environmental impact assessments on Cayman Brac.

48. In January 2012, the Department for Environment, Food and Rural Affairs of the United Kingdom issued a paper entitled "The environment in the United Kingdom's Overseas Territories: UK Government and civil society support", on the advice and support available to the Territories in its areas of competence, and highlighted the availability of departmental funds for that purpose.

49. The Planning Department and the National Scientific Research Council work alongside other agencies to ensure that the Territory's natural resources are preserved and protected. The Hazard Management Cayman Islands agency has overall responsibility for the Territory's hazard management programme, including preparedness, response, mitigation and recovery. An annual hurricane exercise is conducted prior to the start of the hurricane season, which runs from 1 June to 30 November.

VI. Relations with international organizations and partners

50. The Cayman Islands is an associate member of the Economic Commission for Latin America and the Caribbean and of the United Nations Educational, Scientific and Cultural Organization. It is a member of the Universal Postal Union. The Cayman Islands also participates in the work of the Caribbean Community as an associate member and is a member of the Caribbean Development Bank and the International Olympic Committee.

51. As a Non-Self-Governing Territory of the United Kingdom, the Cayman Islands is associated with but not a part of the European Union.

52. According to the November 2011 report entitled "United Kingdom and Cayman Islands Relationship Review", the Cayman Islands provided support to other British Overseas Territories, particularly in the Caribbean region, in such areas as the rehabilitation of offenders, elections, disaster relief, improvements to land registry systems, financial development and policing and immigration. The report reflected the wish expressed during the review exercise to reach out more and to build a network for reciprocal cooperation and assistance among Overseas Territories.

VII. Future status of the Territory

A. Position of the territorial Government

53. Information on the position of the territorial Government regarding the future status of the Cayman Islands is contained in section I above.

B. Position of the administering Power

54. On 3 October 2011, the representative of the United Kingdom made a statement before the Special Political and Decolonization Committee (Fourth Committee) during the sixty-sixth session of the General Assembly. According to the record of the meeting (A/C.4/66/SR.2), the representative said that the relationship of the United Kingdom with its Overseas Territories was a modern one based on partnership, shared values and the right of each Territory to determine whether it wished to remain linked to the United Kingdom or not. Where independence was an option and was the clear and constitutionally expressed wish of the people of a Territory, his Government would help that Territory to achieve it. Where a Territory wished to retain its link to the United Kingdom, his Government would remain committed to its future development and continued security.

55. The speaker went on to say that the Secretary of State for Foreign and Commonwealth Affairs had recently announced the Government's new strategy with respect to the Overseas Territories. The time was not right to embark on further constitutional change. Rather, his Government was focusing on three practical policy goals: to strengthen interaction between the United Kingdom and its Territories; to work with the Territories in strengthening good governance, public financial management and economic planning where necessary; and to improve the support available to the Territories. The implementation of the new strategy would take different forms in each Territory, and a public consultation exercise had been launched in order to encourage the Territories and other stakeholders to make their views on priorities known. The outcome of the exercise would inform the white paper on the Territories that the Government intended to publish in 2012. The Government was committed to allowing each Territory to run its own affairs as far as possible, which entailed responsibilities and good governance on the part of the Territory. The speaker further stressed that where high standards of probity and governance were not maintained, the United Kingdom did not hesitate to intervene.

C. Action taken by the General Assembly

56. On 9 December 2011, the General Assembly adopted resolution 66/89 A and B on the basis of the report of the Special Committee (A/66/23) and the subsequent recommendation of the Fourth Committee. Section V of resolution 66/89 B concerns the Cayman Islands, the operative part of which reads:

The General Assembly,

...

1. *Recalls* the Constitution, which took effect in 2009, and stresses the importance of the work of the new Constitutional Commission, including human rights education, in the Territory;

2. *Requests* the administering Power to assist the Territory by facilitating its work concerning public awareness outreach efforts, consistent with Article 73 *b* of the Charter of the United Nations, and, in this regard, calls upon the relevant United Nations organizations to provide assistance to the Territory, if requested;

3. *Welcomes* the Territory's active participation in the work of the Economic Commission for Latin America and the Caribbean;

4. *Also welcomes* the efforts made by the territorial Government to implement sectoral management policies such as investment facilitation and regulation and the promotion of medical and sports tourism, as well as unemployment alleviation programmes in various economic sectors.

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United States Virgin Islands

Working paper prepared by the Secretariat

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The Territory at a glance

Territory: The United States Virgin Islands is a Non-Self-Governing Territory under the Charter of the United Nations. As an unincorporated, organized territory of the United States of America, it is administered by the Office of Insular Affairs of the United States Department of the Interior.

Geography: The Territory is located in the eastern part of the Caribbean Sea, 1,075 miles south-east of the south-eastern tip of the United States and 60 miles east of Puerto Rico. It is made up of four main islands: St. Croix, St. John, St. Thomas and Water Island. The capital, Charlotte Amalie, is located on St. Thomas.

Land area: 352 km^2.

Exclusive economic zone: 33,744 km^2.[a]

Population: 106,405 (2010 census).

Languages: English or English Creole (74.70 per cent); Spanish or Spanish Creole (16.78 per cent); French or French Creole (6.57 per cent); and other (1.95 per cent).

Capital: Charlotte Amalie.

Head of territorial Government: Governor John de Jongh.

Territory's Delegate to the United States Congress: Congresswoman Donna Christensen.

Main political parties: Democratic Party; Independent Citizen's Movement; Republican Party.

Elections: Last legislative elections held in November 2010; next elections to be held in 2012 (legislative) and 2014 (Governor).

National legislature: Unicameral (15 senators).

Gross domestic product (GDP) per capita: $39,876.

Eco .omy: Tourism is the primary economic activity, accounting for 80 per cent of GDP and employment. The manufacturing sector consists of petroleum refining, rum distilling, textiles, electronics, pharmaceuticals and watch assembly.

Monetary unit: United States dollar.

Unemployment rate: 9.1 per cent (December 2011 estimate).

Brief history: The Islands were a Danish Territory from 1754 to 1917 (Danish West Indies). On 31 March 1917, the Government of Denmark transferred ownership to the United States. The United States Virgin Islands have since been an organized, unincorporated Territory of the United States.

[a] EEZ data from the "Sea Around Us" project, a collaboration between the University of British Columbia and the Pew Environment Group (www.seaaroundus.org).

I. Constitutional, political and legal issues

1. The United States Virgin Islands is an organized, unincorporated Territory of the United States. Under the Organic Act of the Virgin Islands (1936), its revision in 1954, and subsequent amendments to the Revised Organic Act of 1954, the Territory has a Legislature, also known as the Senate, which is a unicameral body comprising 15 senators elected for a two-year term by popular vote. Executive power is vested in a Governor, who since 1970, has been elected by popular vote for a four-year term on the same ticket as the Lieutenant Governor. The Governor is limited to two consecutive terms, but can be re-elected after one full term out of office. With the advice and consent of the Legislature, the Governor appoints the heads of the executive departments and has the power to approve or veto legislation and issue executive orders

2. In the November 2010 gubernatorial election, John Percy de Jongh of the Democratic Party was re-elected Governor and Gregory Francis was re-elected Lieutenant Governor. Their terms of office will expire in November 2014, when the next elections are due to be held. The Territory elects a delegate to the United States House of Representatives, who is able to vote in committees. Democratic Party candidate Donna M. Christensen won the 2010 election by 71 per cent of the votes and was re-elected to an eighth two-year term as the United States Virgin Islands Delegate to the United States Congress. Craig W. Barshinger remains Senator-at-large, having defeated his two opponents by a wide margin.

3. The Territory's judicial system has a District Court, a Superior Court and a Supreme Court, which became operational in January 2007. The Supreme Court of the Virgin Islands is the appellate court of the Virgin Islands that hears appeals decided by the Islands Superior Court. The establishment of the Supreme Court eliminates federal judicial involvement in purely local legal matters.

4. Since the Organic Act of the Virgin Islands was revised by the United States Government in 1954, there have been four attempts to replace it with a local constitution approved by the people of the Territory, which would organize the internal mechanisms of government. Although the United States Congress authorized the adoption of a local constitution in 1976 under United States Public Law 94-584, none of the four attempts made were successful.

5. As previously reported, on 26 May 2009 the Fifth Constitutional Convention adopted a proposed constitution of the United States Virgin Islands by a two-thirds vote. The text of the proposed constitution was submitted to the Governor on 31 May 2009. In a preamble and 19 articles, the 27-page text of the proposed constitution includes provisions on a bill of rights; principles, branches and subdivisions of government; Virgin Islanders; elections; education; youth; taxation, finance and commerce; economic development; public health, safety and welfare; culture; protection of the environment; referendums and recalls; and creation of a Political Status Advisory Commission.

6. In its article XVII, the proposed constitution states that a Political Status Advisory Commission with a term of office of three years should be created within two years of the adoption of the constitution. Moreover, after a year of public information on the status and federal relations options of (a) statehood, (b) free association and (c) independence, a special election would be held. The special election on status would be reserved for vote by "ancestral native" and "native"

Virgin Islanders, as defined in article III of the proposed constitution, whether residing within or outside the Territory.

7. Article III of the proposed constitution states that an "ancestral native" Virgin Islander is a person or a descendant of a person who was born or lived in the Territory on or before 28 June 1932 and is not a citizen of any other country; a "native" Virgin Islander is a person or descendant born in the Territory after 28 June 1932.

8. Certain provisions of the proposed constitution have been a source of contention. For instance, under article VI, only "ancestral or native" Virgin Islanders are qualified to run for Governor and Lieutenant Governor. Also, under article XI, "ancestral native" Virgin Islanders would not have to pay certain property taxes. Moreover, in a letter made public, the Governor articulated that the most general and generous reading of the draft constitution showed it to be inconsistent with basic tenets of equal protection and fairness.

9. Speaking before the Special Political and Decolonization Committee (Fourth Committee) of the General Assembly on 22 June 2010, Gerard Luz Amwur James II, President of the Fifth Constitutional Convention of the United States Virgin Islands, said that the Governor had initially refused to forward the proposed constitution to the administering Power. However, in December 2009 he complied, following a ruling of the Territory's Superior Court.

10. On 26 February 2010, the President of the United States submitted the proposed constitution to Congress, endorsing the conclusions reached by the Department of Justice that several features of the proposed text warranted analysis and comment, including the absence of an expressed recognition of United States sovereignty and the supremacy of federal law; provisions for a special election on the territorial status of the United States Virgin Islands; and provisions conferring legal advantages on certain groups defined by place and timing of birth, residency or ancestry.

11. According to the statement made by the President of the Fifth Constitutional Convention on 22 June 2010 before the Fourth Committee, in March 2010 a delegation of the Convention, led by him, held consultations with United States congressional officials. The officials expressed a major objection to the provision in the proposed constitution regarding the ownership by the people of the Territory of their marine resources. Another objection related to any meaningful reference to the native population and the provision of certain benefits. As a result, Congress asked the Convention to reconvene in order to consider the administering Power's objections to the proposed constitution.

12. The President of the Convention stressed that there was no provision in the proposed constitution to alter the status of the Territory and that it would not serve as the basis for removing it from the United Nations list of Non-Self-Governing Territories. The proposed constitution contains a relevant provision that would, upon adoption of the text, create a mechanism to examine future options with regard to political status.

II. Budget

13. According to the United States Office of Management and Budget, the 2011 fiscal year ended with a $26.5 million budget deficit. In June 2011, the Fiscal Year 2012 Executive Budget for the Government of the United States Virgin Islands, totalling $731.3 million, was proposed by the Governor to the Legislature. After the United States Senators passed a total general fund appropriation of $719.8 million, the Governor decided not to sign the bill.

14. In June 2011 the Legislature passed the Economic Stability Act, which included provisions seeking to reduce the salaries of all government employees in the executive and legislative branches, institute a hiring and rehiring freeze and provide a $10,000 retirement incentive to employees with over 30 years of service. The Governor signed the bill with some line-item vetoes. The pay cuts will be in place until 2013.

15. The United States federal Government has continued to provide funding for the Territory's budget, inter alia, through the American Recovery and Reinvestment Act stimulus, which awarded $290,490,549 in funding, of which $168,763,429 had been received by 31 December 2011. The United States Department of Education secured more than $90 million through the State Fiscal Stabilization Fund and the Recovery Act. With regard to infrastructure, the United States Department of Commerce was awarded more than $67 million to fund the National Telecommunication and Information Administration, Broadband Technology Opportunities Program.

III. Economic conditions

A. General

16. According to the territorial Government, several factors continue to limit economic growth, including the frailty of the United States economy and the Government's budget deficit. The agricultural sector remains small while the financial services industry is a growing component of the economy. There is a growth potential in the telecommunications sector, which is contingent on improved reliability and connectivity.

17. In June 2011, the United States Bureau of Economic Analysis published the second GDP estimates for the United States Virgin Islands and other United States territories, which covers the period from 2008 to 2009. Since 2009, in a joint effort with the United States Department of the Interior's Office of Insular Affairs, under the Statistical Improvement Program, the Bureau of Economic Analysis has produced these estimates with the aim of providing a comprehensive, objective measure of economic activity for the territories in order to support economic and financial decisions. According to the Bureau, the long-term goal of the joint effort is to integrate the United States Virgin Islands and the other territories into the estimates of national GDP and the national income and product accounts, which are essential in order to better understand the territorial economies.

B. Tourism

18. Tourism, which accounts for 70 per cent of GDP, remains the main sector of the United States Virgin Islands economy. Its importance can be seen both in terms of direct employment and its impact on entrepreneurship and small business development. Approximately 2 million tourists visit the Islands annually, arriving by cruise ship and air. According to the United States Virgin Islands Bureau of Economic Research, the number of visitors arriving by air decreased by 1.8 per cent between 2010 and 2011, totalling 678,961 visitors in December 2011. Passengers arriving on cruise ships increased by 8.1 per cent over the same time period, reaching 2,008,991 visitors in December 2011. Hotel occupancy rates decreased by 6.8 per cent between September 2010 and September 2011. With a view to reinvigorating the tourism industry, the territorial Government has expanded the cruise ship base in St. Thomas and brought cruise ships back to St. Croix on a regular basis. Air service and the capacity of airlines serving the Territory have also been expanded. Plans are under way to invest in hotel developments and increase the participation of private investors.

C. Manufacturing, construction and financial services

19. The manufacturing sector, which is the second largest sector in the economy, is composed primarily of businesses dealing in refined petroleum products, rum, watches, dairy products and jewellery.

20. In January 2011, the Hovensa oil refinery on St. Croix, the second largest refinery in the United States, announced its shutdown. The refinery employs more than 2,500 workers and produces a variety of products refined from crude oil imported, primarily, from the Bolivarian Republic of Venezuela. The refinery, one of the 10 largest in the world, with a crude oil distillation capacity of 545,000 barrels per day, produces gasoline, diesel, home heating oil, jet fuel, kerosene and residual fuel oil, most of which (95 per cent) are exported to the United States. The United States Virgin Islands Department of Labor expects that the closing of the Hovensa plant will directly impact the manufacturing and other service sectors. The Territory's GDP will also be affected, since this industry accounts for more than $1 billion in exported goods.

21. According to information from the United States Virgin Islands Bureau of Economic Research, 30-year agreements have been signed with two private companies to develop rum production and reduce the environmental impact of its production. The Territory's rum industry is making the transition from bulk rum to branded rum. Revenues are projected to generate over $100 million annually from each distillery. In the first quarter of fiscal year 2011, the Territory received 38 per cent more in excise tax revenues on rum compared with the previous period.

22. Also according to data from the United States Virgin Islands Bureau of Economic Research, the total construction permit value, which measures future construction activity, increased between January 2010 and September 2011 by 6.6 per cent for the public construction sector and by 89.7 per cent for the private non-residential sector. It should be noted, however, that the value of private residential construction permits decreased by 20.9 per cent during the same period.

D. Trade, transportation and utilities

23. According to the 2011 United States Virgin Islands Economic Review, the trade, transportation and utilities sector is improving slowly as consumers spend more and job losses have eased.

24. The United States Virgin Islands has approximately 1,250 km of roadways and some 65,000 registered vehicles. The Territory also has one of the best natural deepwater harbours in the Caribbean and it is strategically located along the Anegada Passage, a key route for ships bound for the Panama Canal. The Territory has five major docking facilities, which can accommodate cruise ships and some naval vessels. Three of the docks are on St. Croix, namely South Shore, Gallows Bay and Frederiksted. The other two are on St. Thomas, namely, the facilities operated in Crown Bay by the Virgin Islands Port Authority, a semi-autonomous Government agency, and the Islands-owned West Indian Company.

25. The Virgin Islands Water and Power Authority is an autonomous governmental entity of the territorial Government that produces and distributes electricity and potable water to approximately 54,000 electrical and 12,000 potable water customers. The Territory is implementing a plan to reduce its dependence on fossil fuels by 60 per cent over the next 15 years.

26. Owing to limited freshwater supplies, salt water is used extensively for non-domestic purposes, including firefighting and sewage. A desalination plant on St. Thomas produces approximately 4.5 million gallons of water per day. Wells, particularly on St. Croix, supply the remainder of the freshwater necessary. Owing to the high cost of water, average daily consumption is about 50 gallons per person per day, about one third the United States average.

27. In terms of communications, the Territory has approximately 59,000 telephones, 8,700 Internet hosts (a computer connected directly to the Internet) and a number of radio and television broadcasting stations. In cooperation with the United States Department of Commerce, the Territory is working on a broadband project, expected to be completed by June 2013, with over $115 million in federal, in kind and local cash contributions. The project will create over 300 construction jobs. When completed, over 45 public computer centres will be established or renovated with advanced information technology.

E. Agriculture and fisheries

28. Historically, sugar cane and, to a lesser extent, cotton were the main sources of revenue for the Territory's economy. Currently, the agricultural sector is very small and comprises mainly fruit and vegetable cultivation and cattle-raising.

29. In 2011, the Virgin Islands Department of Agriculture continued its farmer-focused programmes and services and worked to complete and develop new projects. These included the completion of the Bordeaux Farmers Market; the complete installation of water wells (including pumps and distribution lines) in Estates Bordeaux and Dorothea on St. Thomas; and the installation and expansion of new water distribution lines in the Community Gardens in St. Croix.

IV. Social conditions

A. Labour

30. According to data from the United States Virgin Islands Bureau of Economic Research, civilian employment fell by 2.4 per cent between January 2010 and December 2011, for a net loss of 1,151 jobs. Unemployment averaged 9.1 per cent for 2011. The United States Virgin Islands Department of Labor considers that "despite unemployment remaining flat, the Virgin Islands job market still remains (2.6 per cent) below last year's numbers at the end of 2011. Unemployment averaged 9 per cent for 2011 resulting in stagnant job growth. Based on public sector revenue shortfalls and a first round dismissal of public sector workers, job creation and labor pool expansion remain a challenge for both districts". The closure of the Hovensa refinery is expected to have a major impact on the labour situation in the Territory.

B. Education

31. Education in the United States Virgin Islands is compulsory and free for all children between 5 and 16 years of age. The Territory's Department of Education administers approximately 40 schools. The University of the Virgin Islands has campuses on St. Thomas and St. Croix, teaching some 2,500 full and part-time students, with over 300 graduates per year.

C. Public health

32. The Virgin Islands Department of Health maintains facilities on St. Thomas, St. John and St. Croix. The Department also maintains a long-term care facility for the mentally ill on the island of St. Thomas. Department outreach efforts include educational, preventive and treatment services via clinics and subdivisions for maternal and child health, family planning, environmental health, sexually transmitted infections, HIV and tuberculosis, mental health and substance abuse. The Department administers 33 activity centres and 16 federal programmes under the auspices of the Office of the Commissioner and the divisions dealing with fiscal affairs, support services, public health services and health promotion and statistics.

33. In his 2011 State of the Territory address, the Governor noted that the federal health-care reform had provided positive opportunities for the Territory. With $300 million in additional federal funding over the reform period, the United States Virgin Islands would have the historic opportunity to reduce its uninsured population from 28 per cent to a far lower number and to extend coverage to all pregnant women and children living below the poverty level. These reforms would enable the Territory to restructure its health-care delivery system so that the emergency room was not the primary point of access for the uninsured seeking primary care. Unlike in the United States, Medicaid (the federal- and state-funded health-care programme for low-income individuals and families) is not an entitlement programme in the Territory, which means that federal funding is "capped".

34. Priorities and indicators for the maternal, child and adolescent health population were identified following the Territory's Department of Health Needs Assessment for the 2010 to 2015 cycle. In that regard, the 2011 Maternal and Child Health Title V Block Grant application marked the beginning of a new five-year planning and implementation cycle. In accordance with the United States HIV/AIDS Treatment Extension Act signed in 2009, the Territory continued to receive important support for related programmes.

35. The United States Virgin Islands Health Information Exchange Strategic and Operational Plan, issued in January 2011 by the Territory's Department of Health, describes the path the Territory intends to follow to develop the capabilities of the Exchange to enable the meaningful use of electronic health records among providers and health-care providers. The Plan states, inter alia, that because of historical low federal funding for health care in the United States Virgin Islands due to its Territorial status, the Territory's health information technology infrastructure is relatively underdeveloped.

36. In December 2011, the Territory's Department of Health earned a silver award in the crisis and emergency risk communication category for its "fight the bite" dengue fever education campaign, an award established by the National Public Health Information Coalition, an independent organization.

D. Crime and crime prevention

37. In his 2011 State of the Territory address, the Governor said that, with a view to curtailing the violent crimes that continued to plague the community, police officers would be visible, accessible and responsive. The territorial Government would aim to educate parents and children about criminal activity and gang influences and prosecute wrongdoers to the fullest extent. A significant number of homicides and murders are committed by those younger than 24 years old, who are often placed under observation by the Territory's juvenile justice system or law enforcement. In that connection, the importance has been emphasized of ensuring that young people are trained for the jobs that drive the economy, such as technology and health care.

38. The territorial Government made a number of changes of personnel in the Department of Justice in order to improve performance by the Assistant Attorneys General. The Territory's clearance rate in homicide cases is now over 65 per cent, above the national average, and continuing to improve.

V. Environmental protection and disaster preparedness

39. A 2009 bill provided for raising awareness about the use of renewable energy alternatives in both the public and private sectors. In 2010, the United States Virgin Islands received nearly half a million dollars in federal funds to help preserve coral reefs near St. Croix, which, like coral reefs across the Caribbean and elsewhere, face a growing threat of extinction from rising ocean temperatures. The funds were issued by the National Oceanic and Atmospheric Administration of the United States of America.

40. In the area of emergency preparedness, the Territory has continued to enhance its operations with the opening of the new headquarters of the Virgin Islands Territorial Emergency Management Agency. The consolidation of emergency call centre operations at two districts has enhanced organizational efficiency by improving responsiveness to residents at their most critical time of need.

41. In January 2012, the United States Environmental Protection Agency published its twenty-fifth annual report on the amount of toxic chemicals released in 2010 to the land, air and water by industrial facilities in the United States Virgin Islands. In the report of the Environmental Protection Agency, it was stated that the total releases of chemicals in the Territory were higher in 2010 than in 2009. The reason given was the increase in air emissions from the facility of the Virgin Island Water and Power Authority in St. Thomas and an increase in air and water emissions from the Hovensa refinery.

VI. Relations with international organizations and partners

42. The United States Virgin Islands is an associate member of the Economic Commission for Latin America and the Caribbean. The Territory has observer status with the Association of Caribbean States and with the Alliance of Small Island States, which serves as a platform to promote action on environmental issues, including climate change. According to information provided by the administering Power, the United States Virgin Islands received acceptance as a territorial Government with observer status at the Organization of Eastern Caribbean States in the last quarter of 2009.

43. In 2011, the Premier of the British Virgin Islands and the Governor of the United States Virgin Islands participated in the fourth meeting of the Inter-Virgin Islands Council, taking place for the first time at the level of heads of territorial Government. According to official sources, a memorandum of understanding was signed with law enforcement agencies in the area of ballistics. Furthermore, internal reports were received on law enforcement, disaster preparedness, scope for cooperation on inter-island transportation, and fisheries management. Both Territories pledged to continue and strengthen cooperation through the Council. The next meeting is scheduled to be held in the United States Virgin Islands in 2012.

VII. Future status of the Territory

A. Position of the territorial Government

44. Developments regarding discussions on the future status of the United States Virgin Islands are reflected in section I above.

B. Position of the administering Power

45. In a letter dated 2 November 2006 addressed to the American Samoa Delegate to the United States Congress, the Assistant Secretary of State for Legislative Affairs elaborated on the position of the United States Government on the status of American Samoa and other United States Insular Areas, which was considered

equally valid for 2010. In his letter, as previously reported, the Assistant Secretary indicated that the status of the Insular Areas regarding their political relations with the federal Government was an internal United States issue, and not one that came under the purview of the Special Committee on the Situation with regard to the Implementation of the Declaration on the Granting of Independence to Colonial Countries and Peoples. The Assistant Secretary also noted that the Special Committee had no authority to alter in any way the relationship between the United States and those Territories and no mandate to engage the United States in negotiations on their status. In the letter, it was stated that, at the same time, in accordance with its obligations under the Charter of the United Nations to provide regularly to the United Nations statistical and other information of a technical nature relating to economic, social and educational conditions, the federal Government did submit annual updates on United States Territories to the Special Committee of 24 as a demonstration of United States cooperation as an administering Power and as a corrective to any errors in information that the Special Committee of 24 might have received from other sources.

C. Action taken by the General Assembly

46. On 9 December 2011, the General Assembly adopted, without a vote, resolutions 66/89 A and B, based on the report of the Special Committee on the Situation with regard to the Implementation of the Declaration on the Granting of Independence to Colonial Countries and Peoples for 2010 (A/65/23). Section XI of resolution 66/89 B concerns the United States Virgin Islands. Under that section's operative paragraphs, the General Assembly:

> 1. *Welcomes* the proposal of a draft constitution emanating from the Territory in 2009, as a result of the work of the United States Virgin Islands fifth Constitutional Convention, for review by the administering Power, and requests the administering Power to assist the territorial Government in achieving its political, economic and social goals, in particular the successful conclusion of the ongoing internal Constitutional Convention exercise;
>
> 2. *Requests* the administering Power to facilitate the process for approval of the proposed territorial constitution in the United States Congress and its implementation once agreed upon in the Territory;
>
> 3. *Also requests* the administering Power to assist the Territory by facilitating its work concerning a public education programme, consistent with Article 73 *b* of the Charter of the United Nations, and, in this regard, calls upon the relevant United Nations organizations to provide assistance to the Territory, if requested;
>
> 4. *Reiterates its call* for the inclusion of the Territory in regional programmes of the United Nations Development Programme, consistent with the participation of other Non-Self-Governing Territories.

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Turks and Caicos Islands

Working paper prepared by the Secretariat

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Note: The information contained in the present working paper has been derived from public sources, including those of the territorial Government, and from information transmitted to the Secretary-General by the administering Power under Article 73 *e* of the Charter of the United Nations. Information was transmitted by the administering Power on 11 January 2012. Further details are contained in previous working papers posted on the United Nations website www.un.org/en/decolonization/workingpapers.shtml.

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The Territory at a glance

Territory: The Turks and Caicos Islands is a Non-Self-Governing Territory under the Charter administered by the United Kingdom of Great Britain and Northern Ireland.

Representative of administering Power: Governor Damian Roderic "Ric" Todd (September 2011).

Geography: The Territory comprises 40 islands and cays, and lies 145 km north of Haiti and the Dominican Republic and 925 km south-east of Miami, Florida, United States of America. Six islands are permanently inhabited: Grand Turk, where the capital is located; Providenciales, the business and tourist centre with the great majority of the population; North, Middle and South Caicos; and Salt Cay.

Land area: 948.2 km^2.

Exclusive economic zone: 154,068 km^2.[a]

Population: 32,000 (2010 estimate), comprising nearly 9,700 citizens or "belongers" and a large majority of "non-belongers" hailing from the region, North America and Europe.

Language: English.

Capital: Cockburn Town.

Head of territorial Government: Governor-appointed interim Government, with no premier in place.

Main political parties: Progressive National Party, People's Democratic Movement.

Elections: Last: 9 February 2007; next: to be called.

Legislature: House of Assembly (removed in 2009).

Gross domestic product (GDP) per capita: US$ 11,500 (2010 estimate).

Economy: Tourism, financial services, construction.

Unemployment rate: 5.4 per cent (2007 estimate).

Monetary unit: United States dollar.

Brief history: Discovered by Spain in 1512. From 1874 to 1959 the Turks and Caicos Islands were governed by the United Kingdom of Great Britain and Northern Ireland as a dependency of Jamaica. They became a separate colony of the United Kingdom in 1962, when Jamaica achieved independence, although there were close constitutional ties with the Bahamas. When the Bahamas achieved independence in 1973, the Turks and Caicos Islands were given a Governor to replace their Administrator.

[a] EEZ data from "Sea Around Us" Project, a collaboration between the University of British Columbia and the Pew Environment Group. Available from www.seaaroundus.org.

I. Constitutional, legal and political issues

1. Under the 2006 Constitution negotiated between the Territory and the United Kingdom, the Turks and Caicos Islands operated until the suspension of the Constitution in August 2009 (see below) on the basis of a ministerial system of Government, with a Governor appointed by the British Crown who was responsible for external affairs, defence, internal security, including the police force, and some public service matters. The legislature consisted of the British Crown and a House of Assembly, comprising a Speaker, 15 elected members, 4 appointed members and the Attorney General.

2. The law of the Territory consists mainly of locally enacted statutes, along with some laws enacted in the United Kingdom and English common law and the rules of equity. The court system includes magistrates courts, the Supreme Court and the Court of Appeal, with ultimate recourse to the Judicial Committee of the Privy Council. On the advice of a judicial service commission, the Governor appoints judges and magistrates. The British Overseas Territories Act 2002 provides for the granting of British citizenship to "British Overseas Territory citizens".

3. The most recent general election was held on 9 February 2007, with a voter turnout of 85 per cent. The ruling Progressive National Party (PNP), under Premier Misick, won 13 seats, against 2 won by the People's Democratic Movement. The next general election was due by July 2011. However, in September 2010, the United Kingdom announced the postponement of the elections not "any longer than necessary", even if, in its view, elections could not be held in 2011.

4. In the light of the accumulation of evidence in relation to the Turks and Caicos Islands and fortified by the findings of a commission of inquiry, on 14 August 2009 the Governor brought into force legislation that, inter alia, suspended parts of the 2006 Constitution, removing the ministerial government and the House of Assembly. In practice, the Governor works under the interim constitutional arrangements with an advisory council to advise him on policy and a consultative forum to allow the people's voice to be heard. Each is constituted by Turks and Caicos islanders and its members are appointed by the Governor. This arrangement is sometimes referred to as the "interim Government" of the Territory or "direct rule". (See A/AC.109/2010/10 and A/AC.109/2011/10.)

5. As previously reported, the United Kingdom appointed a Constitutional and Electoral Reform Adviser to review the 2006 Constitution in the light of the findings of the 2009 Commission of Inquiry and to make recommendations for change. The Adviser held public meetings in the Territory during 2010 and published various reports setting out possible areas for change. Following a series of public consultations in the Turks and Caicos Islands in early 2011, constitutional talks between the United Kingdom and a Turks and Caicos delegation concluded on 16 June 2011. The Privy Council made an Order in Council containing a new draft constitution on 13 July 2011, which was laid before the Parliament of the United Kingdom on 20 July. The new Constitution will be brought into force when United Kingdom ministers judge that conditions are right. Under the draft constitution, elections must be held within 30 days of the new constitution coming into force.

6. According to the United Kingdom, the Turks and Caicos Islands Constitution Order 2011 sets out fundamental rights and freedoms of the individual and provisions for their enforcement. It provides for a Governor as the British Crown's

representative, for a House of Assembly composed of elected and appointed members and the Attorney General, for a Cabinet and for ministers appointed from among the elected or appointed members of the House. It also provides for the judiciary, the public service and a number of institutions protecting good governance, notably an Integrity Commission, a Human Rights Commission, an Auditor General and a Director of Public Prosecutions. Provision is also made regarding Crown land and for public financial management, including the independent audit of public accounts. Under the Order, the British Crown reserves the power, with the advice and consent of the Privy Council, to make laws for the peace, order and good government of the Territory. The Order would revoke the Turks and Caicos Islands Constitution Order 2006, as well as two Orders in Council of 2009 and 2010 that modified and supplemented it, which together form the present constitution of the Islands.

7. According to media reports, a point of contention persists among islanders to the effect that the 2011 Constitution text was designed and made by the United Kingdom with only suggestions from unelected individuals from the Territory and was not put to a vote or referendum by the electorate.

8. With respect to elections, in September 2010 the British Government announced that the elections due by July 2011 would not take place in 2011. That year, the administering Power began local consultations on the issue of the next elections.

9. Expressions of protest against various measures taken by the interim Government continued throughout 2011, notably with regard to constitutional, electoral and administrative matters. For instance, in October 2011, the Progressive National Party adopted a resolution supporting independence from the United Kingdom, a programme of educating the people of the Territory about the responsibilities of citizenship in an independent country, and a referendum to signify the will of the people on the question of independence. Also, in November 2011, the Civil Service Association and civil society groups, such as 1000+ Youths for Justice, as well as pastors and ministers, organized a public protest against the interim Government, which was followed by public sector strikes expressing concerns about a wide range of governance issues, including a voluntary severance scheme for civil servants.

10. Earlier in the year, a representative from the All-Party Commission on the Constitution and Electoral Reform, addressing the Caribbean regional seminar on decolonization convened by the Special Committee on Decolonization at Kingstown, Saint Vincent and the Grenadines, from 31 May to 2 June 2011, stated that the interim Government had to accept responsibility for its administration, including the dismal state of the economy and the controversial implementation of the new, "punitive" constitution, which returned major powers to the Governor on an ongoing basis. (For the full text of the statement, see www.un.org/en/decolonization/regsem2011.shtml.)

11. Petitioning the Special Committee in June and the Special Political and Decolonization Committee (Fourth Committee) in October 2011, representatives from the Turks and Caicos Forum argued that the international community should hold the administering Power fully accountable for the discharge of its responsibilities, possibly through the special designation or dispatch of a monitoring team.

II. Budget

12. With financial support of the United Kingdom Government announced in early 2011 for a period of two years, further steps were being taken to reduce expenditure and raise revenue to help achieve a budget surplus by 2013. In April 2011, the territorial Ministry of Finance presented the 2011/12 budget statement to the consultative forum, comprising approximately $171 million for recurrent expenditure and approximately $6 million for capital expenditure. With a United Kingdom Government loan guarantee of $260 million announced in early 2011 for a period of five years, further steps are planned to reduce expenditure and raise revenue in order to achieve a budget surplus by March 2013. The tenth European Development Fund allocated €12 million to the Territory.

13. The Turks and Caicos Islands Government levies no taxes on corporate or personal income, capital gains or inheritance. There is no sales tax in the Territory. However, in 2011, direct taxation of certain financial services has been implemented with the introduction of a financial services sales tax and an insurance premiums sales tax. A 4 per cent customs processing fee on almost all imports has also been introduced, together with increases in the fuel tax, business licences and many other fees and charges.

14. The interim Government continues to seek treaty partners for tax information exchange agreements, and has, during 2011, undertaken phase 1 of the Organization for Economic Cooperation and Development Peer Review Process by the Global Forum on Transparency and Exchange of Information for Tax Purposes.

III. Economic conditions

A. General

15. The main sectors of the economy are tourism and financial intermediation. According to an Economist Intelligence Unit estimate, the Territory's 2011 gross domestic product (GDP) was about $836.6 million.

16. In 2011, the interim Government published a new Crown land policy for the Turks and Caicos Islands. The policy was prepared following public consultations held in 2010 and a number of meetings with the Advisory Council and Consultative Forum. The document was published ahead of the resumption of service for islanders who wished to apply for an allocation of Crown land for residential use. The policy established a framework expected to bring transparency and accountability to government, and to ensure that Crown land is sustainably managed for the benefit of all in the Territory. The policy document was also made available on the Internet.

B. Tourism

17. As previously reported, over a decade of strong tourism growth was followed in the late 2000s by a drop in tourism figures. Approximately 80 per cent of tourist arrivals continue to be accommodated at resorts on Providenciales. According to media reports in 2011, the Turks and Caicos Islands attracted over 1 million tourists.

18. The Hotel and Tourism Association reported in 2010 an increase of 11 per cent over the previous year. The trend continued into 2011, with arrivals up around 10 per cent from the previous year. In 2011 the Association worked with the Tourist Board to market and promote the Territory's destination and hotels to generate more business from the South American market.

19. For its part, the Tourist Board embarked in 2011 on a strategy to encourage visits to the Territory's various islands, including through tours on North and Middle Caicos, and local flights to Grand Turk and Salt Cay. In November 2011, a new private airline was licensed to operate in the Turks and Caicos Islands.

C. Financial services

20. Financial services, including company registration, trust business and insurance, are a large source of external revenue. According to the United Kingdom, the financial services sector is centred on yacht and jet registries, including their financing and insurance, plus United States auto industry reinsurance.

21. There are three international commercial banks in the Territory, namely, the Canadian Imperial Bank of Commerce, Scotiabank and Royal Bank (all Canadian). The licensing, the supervision and the development of the financial services in the Territory is authorized to the Turks and Caicos Islands Financial Services Commission, which also provides a centralized service for registering companies, partnerships, trademarks and patents in the Territory. According to the December 2011 report entitled "Global Corporate Taxation and Resources for Quality Public Services", issued by the Education International Research Institute on behalf of the Council of Global Unions, the Turks and Caicos Islands is a jurisdiction where foreign corporations pay licence fees to operate.

D. Agriculture and fisheries

22. Agricultural production is limited by the lack of freshwater and consists mainly of the growing of vegetables and citrus fruits on the Caicos Islands. Around 20 per cent of the Territory's working population is involved in agriculture and fishing.

23. Fishing is the Territory's main productive primary sector. Lobster, conch and other marine creatures make up the largest component of exports. Agriculture and fishing contributed approximately 1 per cent of the Territory's GDP.

E. Communications and construction

24. According to the United Kingdom, transport and communications facilities are of fairly good quality. The road network covers about 120 km, with 24 km of paved roads on Grand Turk, Providenciales and the Caicos Islands.

25. The Turks and Caicos Islands has three international airports: the main one is on Providenciales, and much smaller ones are on Grand Turk and South Caicos. There are also landing strips on Salt Cay, Pine Cay, Parrot Cay, Middle Caicos and North Caicos. Flights are available to a number of United States cities, as well as

London and Toronto. Air Turks and Caicos operates regional services to the Bahamas, the Dominican Republic, Haiti and Jamaica. The extension of the runway of the Providenciales international airport was completed and opened in August 2011. The runway is the first phase in a reported $100 million expansion planned to promote economic development in the Turks and Caicos Islands.

26. The main commercial port of South Dock is situated in Providenciales. Grand Turk also has a commercial port, and North Caicos has a deep-water port.

27. International construction companies based in the Turks and Caicos Islands locally quarry sand and rock. The 2011/12 budget includes $2 million from new sand mining contracts, with an expected potential for more in future years. According to the interim Government, sand mining is not permitted in protected areas, and is to be preceded by environmental impact assessments.

28. Three telecommunications companies provide domestic and international telephone services in the Territory. There are a handful of cable television channels on Grand Turk, over two dozen channels on Providenciales, and six radio stations. There are no daily newspapers. A number of weekly papers also maintain a Web presence.

IV. Social conditions

A. General

29. The Government of the Turks and Caicos Islands has over the years acknowledged the need to address considerable imbalances among the various islands and social groups. One measure taken was the launch in 2005 of a 10-year national development plan that provides a long-term vision for the Territory's development and a strategic framework for Government and private sector activities.

30. The Turks and Caicos Islands National Insurance Board, a statutory body of the territorial Government, is the sole provider of social insurance benefits to persons who are gainfully employed within the Turks and Caicos Islands between the ages of 16 and 65 years.

31. The United Nations Children's Fund provided general background information on children and families with respect to the Turks and Caicos in its 2011 country programme document entitled "Eastern Caribbean multi-country programme".

B. Immigration and labour

32. The Territory's main employer is the public sector, which employs nearly one third of the working population. Approximately 70 per cent of the workforce is employed in the service sector. According to media reports, there are about 6,500 domestic workers and around 12,000 expatriate workers in the labour force. Unemployment, especially in the volatile construction and tourism sectors, rose in 2011, owing largely to the effects of the global economic crisis. Rates within the Islands vary widely.

33. According to media sources, in 2011 the visa application system in the Territory underwent a major overhaul. Changes included a new requirement that all

applications had to be made at United Kingdom posts overseas. Also, the Territory's Employment Services Department launched new job placement services, and streamlined labour clearance and work permit procedures. Moreover, conciliation and arbitration services were enhanced.

C. Education

34. Education in the Territory is free and compulsory for children from 4 to 16 years of age. According to the United Kingdom, there are 47 schools on the islands, with a total enrolment of approximately 5,200, covering from preschool up to tertiary education. Of these, 14 are Government-run, 10 are primary schools and 4 are high schools. Although there are more private than public schools, approximately 79 per cent of students are enrolled at public schools. The adult literacy rate is estimated at 98 per cent. The rate among immigrants is much lower.

35. As to higher education, there is a community college with branches on Grand Turk and Providenciales that provides two-year courses, mostly in vocational subjects. Citizens from the Overseas Territories benefit from the home student fee rate at English universities. According to media sources, in 2011 the Turks and Caicos Islands Government had $5 million in scholarship commitments for 149 students studying at various institutions abroad and continued to address various recent reported abuses connected to the scholarship programme.

D. Health care

36. In 2010, in implementation of a national health insurance plan, health care was extended to all legal residents of the Turks and Caicos Islands, and not solely to belongers, as was previously the case. Contributions are mandatory for employers and employees. The Plan provides health care for 5 per cent of wages or earnings, split evenly between an employer and employee. According to media reports in 2011, the interim Government announced that contributions from employees and employers would rise by 20 per cent in order to address a serious revenue shortfall in the national health insurance plan. Foreign workers would no longer be entitled to overseas care and would be referred back to their home country for secondary care.

37. According to the Turks and Caicos Islands Government, the envisaged development and implementation of a national strategic health plan and an effective health-care regulatory authority would be essential in bringing about a reduction in health sector costs.

E. Crime and public safety

38. According to the United Kingdom, the general level of crime in the Turks and Caicos Islands was low in 2011. On Providenciales, however, the first point of arrival into the Territory and the Territory's centre of population and economic hub, it is higher than on the other islands.

39. Following a spike in violent and gun-related crime on Providenciales in 2010, the Consultative Forum recommended approval of amended legislation to provide the courts with tougher measures with which to tackle violent and gun-related

crime. According to the United Kingdom, these measures, together with targeted and intensified policing, quickly brought the situation under control.

40. In 2011, the Territory's Special Investigation and Prosecution Team confirmed to the media that several people, including former ministers and the incumbent PNP leader, were arrested in connection with the ongoing investigations into allegations of corruption within the ranks of the elected territorial Government removed in 2009. For additional information, see working paper A/AC.109/2011/10.

41. With regard to civil recovery, according to the United Kingdom, after 18 months of inquiries, a civil recovery team made over 29 separate recoveries of land and/or cash amounts. As of July 2011, 900 acres of land have been returned to the British Crown with a total value of tens of millions of dollars. Appeals, where they take place, will inevitably lengthen the process, but by the time the process comes to an end, the interim Government expects to have recovered several hundred million dollars worth of land to help to provide a more secure long-term future for the islands.

42. According to the United Kingdom, on 7 April 2011, the population of the administering Power's prison in Grand Turk stood at 99, with 41 on remand and 58 serving sentences, including 2 juveniles. In general, custodial sentences in the Territory are usually given only to juveniles who commit very serious offences. In such instances, juveniles are housed in an area of the prison that is isolated from the general population and are monitored by the Department of Social Development. The previous practice had been to send juveniles abroad after sentence, in view of the absence of a special juvenile facility in the Turks and Caicos Islands.

43. According to the United Kingdom, the approach of the interim Government continues to be to work with international and regional technical assistance providers, such as the International Monetary Fund and the Caribbean Financial Action Task Force and with in-territory agencies, including the Financial Services Commission, to enhance their own systems to detect, investigate and prosecute money-laundering and other suspected abuses. The Financial Action Task Force, an independent intergovernmental body that develops and promotes policies to protect the global financial system against money-laundering and terrorist financing, provided information on the situation with respect to the Turks and Caicos Islands in its October 2010 report entitled "Money Laundering Using Trust and Company Service Providers".

44. With regard to security matters, the administering Power decided in 2011 to deploy a specially equipped Royal Fleet Auxiliary to support disaster relief and counter-narcotics in the Caribbean United Kingdom Overseas Territories in implementation of decisions taken in the recent United Kingdom Strategic Defence and Security Review.

F. Human rights

45. In 2008, the Human Rights Commission Ordinance established the Human Rights Commission to help the Territory to conform with international standards concerning various human rights obligations.

46. According to the Commonwealth Foundation, which supports human rights work in the Territory, during 2011 the Territory made efforts to develop a national

action plan on human rights that would focus on improving legislation, awareness and policies, including relating to gender, immigration and refugees.

47. The following major human rights conventions have been extended to the Turks and Caicos Islands: the Covenant on Civil and Political Rights, the Covenant on Economic, Social and Cultural Rights, the Convention on the Rights of the Child, the Convention against Torture and the Convention on the Elimination of All Forms of Discrimination against Women. The Territory has not yet acceded to the Convention on the Elimination of Racial Discrimination. The European Convention on Human Rights also applies to the Turks and Caicos Islands and individuals have the right to bring cases to the European Court of Human Rights when no other remedy exists in the Territory.

48. According to the United Kingdom, the draft Constitution contained in the 2011 Order strengthens the fundamental rights chapter in the 2006 Constitution and adds some new rights.

V. Environment

49. The Turks and Caicos Islands has an important environmental legacy to protect. As previously reported, the wetlands on Providenciales have suffered severe environmental degradation as a result of rapid development for real estate and tourism, although some remain through the protected area and national parks system. The Territory's Department of Environment and Coastal Resources is charged with the conservation, the protection and the management of the natural resources of the Turks and Caicos Islands.

50. For its part, in January 2012, the United Kingdom Government's Department for Environment, Food and Rural Affairs issued a paper entitled "The Environment in the United Kingdom's Overseas Territories: UK Government and Civil Society Support" on the advice and support available to the Territories in areas of its competency, and highlighted the availability of departmental funds for that purpose.

VI. Relations with international organizations and partners

51. The Turks and Caicos Islands has associate membership in the Economic Commission for Latin America and the Caribbean, including in the Commission's Caribbean Development and Cooperation Committee.

52. The Turks and Caicos Islands is an associate member of the Caribbean Community (CARICOM) and of the Association of Caribbean States. The Territory is a member of the Caribbean Development Bank and the International Criminal Police Organization, as well as of the Caribbean Financial Task Force, which was set up to combat money-laundering in the Caribbean Basin. In 2011, CARICOM reiterated its concern at the situation in the Territory, in which the administering Power continued to postpone general elections, and called for a return to democratic and representative government. According to the United Kingdom, closer links were being sought with the Organization of Eastern Caribbean States and with neighbouring Bahamas.

53. The Turks and Caicos Islands are associated with the European Union through the provisions of Part IV of the Treaty on the Functioning of the European Union

and the detailed rules and procedures set out in the Overseas Association Decision of 27 November 2001 (2001/822/EC).

VII. Future status of the Territory

A. Position of the territorial Government

54. Information on political and constitutional developments regarding the Turks and Caicos Islands is contained in section II above.

B. Position of the administering Power

55. According to the summary record of the second meeting of the Fourth Committee of the General Assembly at its sixty-sixth session (A/C.4/66/SR.2) held on 3 October 2011, the representative of the United Kingdom said, inter alia, that the relationship of the British Government with its Overseas Territories was a modern one based on partnership, shared values and the right of each Territory to determine whether it wished to remain linked to the United Kingdom or not. The speaker went on to say that the British Government had recently announced a new strategy towards the Overseas Territories. The implementation of the new strategy would take different forms in each Territory, and a public consultation exercise had been launched in order to encourage the Territories and other stakeholders to input their views on priorities. The outcome of the exercise would inform the White Paper on the Territories that the Government of the United Kingdom intended to publish in 2012. The Government was committed to allowing each Territory to run its own affairs as far as possible, which entailed responsibilities and good governance on the part of the Territory.

56. The speaker further stressed that "where, however, high standards of probity and governance were not maintained, the United Kingdom did not hesitate to intervene", as it had done in 2009, when it suspended the legislature and the Government of the Turks and Caicos Islands. Since that time, the representative went on to say, much progress had been made to embed the principles of sound financial management, good governance and sustainable development across the territorial Government. It was the intention of the British Government to hold elections in 2012, provided that sufficient progress had been made against specific milestones set out in 2010, one of which was the implementation of a new Turks and Caicos Islands Constitution Order. Following wide consultations, a new Constitution had been drafted in 2011 that could be brought into force by the Governor when conditions were right for elections to be held.

C. Action by the General Assembly

57. On 9 December 2011, the General Assembly adopted without a vote resolution 66/89 A and B, based on the report of the Special Committee transmitted to the General Assembly (A/66/23) and its subsequent consideration by the Fourth Committee. Section X of resolution 66/89 B concerns the Turks and Caicos Islands. In that section's operative paragraphs the General Assembly:

"1. *Notes with grave concern* the ongoing situation in the Turks and Caicos Islands, and notes the efforts of the administering Power to restore good governance, including through the introduction of a new 2011 constitution, and sound financial management in the Territory;

"2. *Calls for* the restoration of constitutional arrangements providing for representative democracy through elected territorial Government as soon as possible;

"3. *Notes* the positions and repeated calls of the Caribbean Community and the Movement of Non-Aligned Countries for the restoration of democratically elected territorial Government as a matter of urgency, and also notes the view expressed by the administering Power that elections should not be postponed any longer than necessary;

"4. *Also notes* the extensive public consultations undertaken by the Constitutional and Electoral Reform Adviser and the continued debate on constitutional and electoral reform within the Territory, and stresses the importance of participation by all groups and interested parties in the consultation process;

"5. *Stresses* the importance of having in place in the Territory a Constitution that reflects the aspirations and wishes of the people of the Territory, based on the mechanisms for popular consultation;

"6. *Requests* the administering Power to assist the Territory by facilitating its work concerning public outreach efforts, consistent with Article 73 *b* of the Charter of the United Nations, and, in that regard, calls upon the relevant United Nations organizations to provide assistance to the Territory, if requested;

"7. *Welcomes* the active participation of the Territory in the work of the Economic Commission for Latin America and the Caribbean;

"8. *Also welcomes* the continuing efforts made by the territorial Government addressing the need for attention to be paid to the enhancement of socio-economic development across the Territory."

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Montserrat

Working paper prepared by the Secretariat

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Note: The information contained in the present paper has been derived from public sources, including those of the territorial Government, and from information transmitted to the Secretary-General by the administering Power under Article 73 *e* of the Charter of the United Nations. Information was transmitted by the administering Power on 11 January 2012. Further details are contained in previous working papers, available from www.un.org/en/decolonization/workingpapers.shtml.

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The Territory at a glance

Territory: Montserrat is a Non-Self-Governing Territory under the Charter of the United Nations. It is administered by the United Kingdom of Great Britain and Northern Ireland.

Representative of administering Power: Governor Adrian Derek Davis (took office in April 2011).

Geography: Situated in the Leeward Islands in the eastern Caribbean, 43 km south-west of Antigua and 64 km north-west of Guadeloupe. The entire island is volcanic. In July 1995, the Soufrière Hills volcano, which had been dormant for more than 400 years, erupted with devastating effects, including the destruction of the capital, causing the evacuation and relocation of about 70 per cent of the population from the southern part of the island. The effects of that eruption and subsequent lighter volcanic activity are still being strongly felt.

Land area: 103 km^2.

Exclusive economic zone: 7,582 km^2.[a]

Population: 4,900 (2011 estimate).

Language: English.

Capital: Plymouth, abandoned in 1997 following the volcanic eruption. A new urban centre is being developed at Little Bay.

Head of territorial Government: Premier Reuben Meade.

Main political parties: Movement for Change and Prosperity; New People's Liberation Party.

Elections: Last held in September 2009; next elections to be held in 2014.

Legislature: Nine-member Legislative Council.

Gross domestic product (GDP) per capita: EC$ 20,231.

Economy: Financial services, investments, construction.

Main trading partners: Canada, Japan, Trinidad and Tobago, United Kingdom, United States of America.

Monetary unit: Eastern Caribbean dollar (EC$ 2.7 equals $1).

Brief history: Columbus named Montserrat after a monastery in Spain. The first European settlers arrived in 1632 and were mostly Irish. The island later became a haven for indentured Irish servants transported to the British West Indies. A major slave uprising occurred on St. Patrick's Day in 1768. In the eighteenth century, Montserrat was intermittently occupied by France, prior to its confirmation as a British Territory in 1783, and became a British Crown Colony in 1871. Following the break-up of the Federation of the West Indies in 1962, Montserrat opted for crown colony status instead of associated statehood.

[a] EEZ data from "Sea Around Us" Project, a collaboration between University of British Columbia and the Pew Environment Group (www.seaaroundus.org).

I. Constitutional, political and legal issues

1. Under the Montserrat Constitutional Order 2010, which came into force in September 2011, Montserrat has a Governor appointed by the British crown, a Cabinet and a Legislative Assembly.

2. The current Governor took office in April 2011. The Governor is responsible for internal security (including police), external affairs, defence, public service and the regulation of international financial services. Under the Constitution, the British crown reserves the power, with the advice of the Privy Council, to make laws for the peace, order and good government of Montserrat.

3. The Cabinet consists of the Premier, three other Ministers, and the Attorney General and a Financial Secretary. The Deputy Governor may attend but does not have the right to vote. The Cabinet is presided over by the Governor and is responsible for the general control and direction of the Government and is collectively responsible to the legislature.

4. The Assembly consists of nine members. Elections are normally held in Montserrat every five years on the basis of universal adult suffrage. The most recent elections were held in September 2009, after which the Movement for Change and Prosperity formed a Government headed by Reuben T. Meade, who in September 2011 became the first Premier of Montserrat. Subject to the Constitution, the legislature also has the power to make laws for the peace, order and good government of Montserrat.

5. The law of Montserrat comprises primarily legislation enacted by the legislature of Montserrat; certain Acts of the Parliament of the United Kingdom extended to Montserrat; Orders in Council made by the British crown in the Privy Council; and English common law. Montserrat comes within the jurisdiction of the Eastern Caribbean Supreme Court (High Court and Court of Appeal). The Court of Appeal is an itinerant court established under the West Indies Associated States Supreme Court Order No. 223 of 1967, whose sittings rotate among its nine member States, including Montserrat. Montserrat's final appeal in civil and criminal matters is to the Judicial Committee of the Privy Council. A Commercial Division of the Supreme Court, opened in 2009 in the British Virgin Islands, serves the Eastern Caribbean jurisdictions, including Montserrat. The British Overseas Territories Act 2002 provides for the granting of British citizenship to "British Overseas Territory citizens".

6. Efforts to modernize the Territory's previous Constitution first started in 2002, with the creation of a Constitutional Review Commission, which subsequently prepared a report that was debated in the Legislative Council in 2005. Talks between the territorial Government and the Government of the United Kingdom resulted, in 2010, in the drafting of a constitution order for public consultation, which took place from May to September 2010 and included a three-month public information campaign by a Constitution Implementation and Advisory Committee.

7. In October 2010, the then Legislative Council approved the draft constitution, which was then submitted by the Government of the United Kingdom to the Privy Council, which made the Montserrat Constitution Order 2010 the same month. At the same time, according to media reports, the Leader of the Opposition in the Territory alleged that the new territorial Government had rushed constitutional

changes through the then Legislative Council without adequate public consultation. On 20 October 2010, the new Constitution was laid before the United Kingdom Parliament. The Government of Montserrat worked to update the relevant parts of its legislation so that the Constitution could come into force. The new Constitution finally came into force in September 2011.

8. The new Constitution, the text of which was made public in a variety of ways, including on the Internet, enhances the relationship with the United Kingdom and spells out the fundamental rights and freedoms of the people of Montserrat. The new Constitution includes provisions devolving significant new powers to the Government of Montserrat, with provisions that aim at strengthening the fundamental rights and freedoms of those living in the Territory, regulating public financial management and promoting high standards in public life.

9. Other modifications reflected in the new Constitution include the change of the post of Chief Minister to Premier, the enshrining of the position of Deputy Governor and Leader of the Opposition and the establishment of a national advisory council to advise the Governor on matters of defence, external affairs, internal security and the use of reserved powers. The Council consists of the Governor, the Premier, one other Minister, the Attorney General, the Financial Secretary and the Leader of the Opposition, who heads the Public Accounts Committee, shares in the selection of the public service and the electoral commissioners, and is a member of the National Advisory Council. A number of new provisions are aimed at improving the legislature and enhancing the chapters on human rights, public finance and public service standards.

10. According to the territorial Government, the functions of the Governor also changed as a result of the new Constitution. For instance, the Governor is mandated to consult with the Premier on many matters regarding the appointment of senior public servants, including the Deputy Governor, the Financial Secretary and the Commissioner of Police. Furthermore, the Governor is obliged to consult the Chief Justice on the appointment of the Attorney General, the Director of Public Prosecutions, magistrates and other offices requiring legal qualifications. A Mercy Committee is to reduce the discretionary powers of the Governor in clemency matters, and the Governor is expected to discuss with the territorial Government the operations of the areas falling under his remit. The ministers were also to obtain the approval of the Premier, rather than the Governor, for all absences from the island.

11. Speaking at the Caribbean Regional Seminar, held from 31 May to 2 June 2011 in Kingstown, Saint Vincent and the Grenadines, under the auspices of the Special Political and Decolonization Committee, a constitutional expert from Montserrat stated, inter alia, that for the new decade, real constitutional gains needed to be distinguished from cosmetic ones, and noted that "there were still miles to go on the road to self-rule". It was his view that the very notion of "crown land" should be considered anathema in the twenty-first century. Furthermore, he believed that the status option of "free association" should be put back on the decolonization agenda in the pursuit of real constitutional modernization (the full text of the statement is available from http://www.un.org/en/decolonization/regsem2011.shtml).

II. Budget

12. The Montserrat public sector continues to be dependent on budgetary aid from the United Kingdom, which ensured 54 per cent of the recurrent budget in 2011. According to the Government of the United Kingdom, the budget for the period from April 2011 to March 2012 showed a figure of EC$ 100 million in recurrent expenditure and EC$ 36.9 million for developmental purposes. During 2011, the Government of Montserrat continued its privatization programme. In addition, under the tenth European Development Fund, the Territory enjoys an allocation of approximately €15.7 million.

13. Individual residents are taxed on their worldwide income from all sources. Tax is also levied on the chargeable income paid by any incorporated company, building society or body of persons. Companies pay a 30 per cent tax on profits, but there is no capital gains tax. During 2011 and 2012, the territorial Government was committed to reforming the tax system, for instance by continuing the merger of the Inland Revenue and Customs Departments into the Montserrat Customs and Revenue Service, and by strengthening the investigative and enforcement divisions. In the case of direct taxation, personal income tax and corporation tax, the Territory was attempting to address the problem of substantial arrears.

14. With effect from 1 July 2011, the service tax and the consumption tax, with its multiple rates, were replaced by a general consumption tax of 15 per cent, applied to all internal and external services.

III. Economic conditions

A. General

15. According to the Statistics Department of the Government of Montserrat, the adverse global economic climate caused economic activity in Montserrat to decline by 0.08 per cent in 2010. During that period, GDP fell by 6.1 per cent, compared with 1 per cent growth in 2009. This performance reflected a contraction in most sectors, including agriculture (0.3 per cent, after a growth of 32.5 per cent in 2009), construction (26 per cent), mining and quarrying (74 per cent), transport (20 per cent) and wholesale and retail (14 per cent).

16. According to the 2011 budget statement of the territorial Government, expected future growth would mainly reflect the implementation of infrastructure projects, private sector development programmes and investments in the development of key sectors such as mining and quarrying, energy and private construction. The public sector would continue to contribute significantly to GDP, estimated at $46.9 million for 2010. In early 2012, after a 15-year pause, the port of Plymouth was partially returned to operation.

17. Based on data from the first six months of 2011, key sectors showed some growth, including construction (15 per cent), retail and wholesale trade (8 per cent) and financial intermediaries (10 per cent), with agriculture growing by 30 per cent and mining by 50 per cent. Tourist arrivals were up by 14 per cent.

18. There are approximately 200 private business establishments in the Territory, 25 per cent of which are involved in the provision of financial, professional, personal and other household services.

B. Agriculture

19. As a result of ongoing volcanic activity, the majority of fertile agricultural land, pasture and fishing areas are either restricted or inaccessible. According to the Government of the United Kingdom, a project to install polyethylene tunnels began in 2011 on the land that was still available for farming, in an effort to increase agricultural production.

20. According to the territorial Government, the contraction of the agricultural sector in 2010 was the result of the 40 per cent fall in crop production due to losses suffered from volcanic eruptions and from Hurricane Earl, which also caused damage to fish pots, leading to a 17 per cent decline in fish production. Livestock production was the only subsector of the agriculture industry that experienced growth.

21. In 2011, the territorial Government continued to focus on agriculture as a key area in which to build its self-reliance policy. Initiatives include greater local production and employment-generation, including through back-yard gardens and increased acreage being devoted to cultivation.

C. Financial services

22. A range of banking facilities is provided by operations in Montserrat, including two commercial entities, the Bank of Montserrat and the Royal Bank of Canada, as well as several international banks. According to the Government of the United Kingdom, there is also one well-established Credit Union in the Territory. In the past few years, there has been no activity reported in regard to the incorporation of new banks.

23. Montserrat is a member of the Eastern Caribbean Central Bank, which is based in Saint Kitts and Nevis and acts as central bank for Montserrat. One of the Bank's functions is to monitor the reserves of the commercial banks. Montserrat is part of the Eastern Caribbean Stock Exchange and the Caribbean Financial Action Task Force, the body that monitors anti-money-laundering activities and works to counter the financing of terrorism in the region.

24. During 2010 and 2011, the territorial Government enhanced corporate governance of the financial services industry by introducing legislation to allow the Territory's Financial Services Commission to regulate not only international (offshore) banks, but also insurance companies, money service providers and cooperative societies.

D. Tourism

25. The redevelopment of the tourism industry continues to be a priority for the Territorial Government. Despite weather- and volcano-related disruptions earlier in the year, tourist arrivals increased by 1.05 per cent in 2010 compared with 2009.

Hotel and restaurant services saw a growth of 10 per cent, compared with a 22 per cent decline in 2009. The number of stay-over tourists decreased by 7.4 per cent, but the number of excursion arrivals went up by 702. According to the Government of the United Kingdom, this was attributable to the promotion by the Government of Montserrat of one-day tours connecting the Territory's ferry service directly with cruise ships docking in Antigua and Barbuda. These arrangements are expected to produce similar results for 2011.

26. After three years in the second phase of the tourism development project funded by the United Kingdom and the European Union, the Montserrat tourist board had completed all travel-related projects, including the ferry port terminal, visitor information signs and the facilitation of travel through the airports in Antigua and Barbuda and Montserrat. Four capacity-building projects have also been completed, as well as six attractions, including hiking trails and public gardens.

E. Construction and housing

27. Construction activity decreased by 26 per cent in 2010. The principal causes for the decline in the construction sector were periodic volcanic disruptions in early 2010, which destroyed essential mining equipment and led to the closing of a major mining site for the construction industry; the completion of infrastructure works at Little Bay; and the delayed approval of major capital projects.

28. In 2011, the territorial Government issued a physical development plan for the period from 2012 to 2022. The plan maps out the Government's vision for developing the north of Montserrat and provides a framework to help meet the objectives set out in the sustainable development plan, addressing issues such as land availability, limited resources and infrastructure development, including through public feedback exercises.

29. Two public sector projects, a housing development project in Lookout and the public market, part of the Little Bay development project, were completed in 2010 and 2011 respectively. In 2010 and 2011, Montserrat saw a complete transformation of the Little Bay area, which is designated to function as a new urban centre. The project included the construction of roads and walkways, the provision of water and drainage facilities, the installation of electricity and cable lines, and the completion of underground and landscaping work.

F. Utilities and communication

30. The company Montserrat Utilities Limited is responsible for the distribution of water and electricity throughout the inhabited portion of the Territory. The entire population has access to Montserrat's plentiful supply of good potable water and about 98 per cent of residents are connected to the water system. The water section of the Montserrat Utilities Limited takes water from springs high in the mountains, lightly treats it and then stores and distributes it to customers through its network of pipes and reservoirs. It also has responsibility for sewage treatment in some areas, notably Lookout and Davy Hill.

31. The Government of Montserrat continued to promote the development of a broadly supported national energy policy, as electricity continued to be produced

from inefficient containerized high-speed diesel generators. According to the territorial Government, $23 million was allocated in 2011 for the installation of a new, 1.5 megawatt power station, with support from the Department for International Development of the United Kingdom and the Caribbean Development Bank. In addition, research was under way to determine the geothermal potential of the island.

32. In 2010 and 2011, a ferry service continued to operate between Montserrat and Antigua and Barbuda, which are also connected by scheduled and charter air services operated by two companies. Montserrat is a member of the Eastern Caribbean Civil Aviation Authority and of Air Safety Support International, which regulates the Territory's airspace. E-mail is widely used and digital subscriber lines have been introduced. A regular postal service between Montserrat and all countries is maintained.

IV. Social conditions

A. General

33. The volcanic crisis has had a profound effect on traditional social structures and support systems in the Territory. Many families and communities have been split up and relocated to various parts of the world. According to the Government of Montserrat, it was critical to put in place a process to redistribute economic benefits to ensure that the vulnerable sections of the population are given the opportunity to develop fully. As part of the budget for 2011 and 2012, $34 million were allocated to support various social welfare services in Montserrat, such as monthly financial assistance, rental assistance and one-time assistance for basic items. All social welfare assistance cases are means-tested to determine the financial situation of individuals or households and whether they qualify for assistance.

34. In its 2011 country programme document entitled "Eastern Caribbean multi-country programme", the United Nations Children's Fund provided general background information on children and families with respect to Montserrat.

B. Labour

35. The working population of Montserrat stands at about 2,500, comprising approximately 50 per cent nationals. Labour relations are governed by the Employment Act (revised in 2002), under which the Labour Department provides mediation and conciliation services, with the Labour Tribunal settling disputes.

36. The territorial Government addresses the entrenched shortage of skilled labour by providing relocation incentives to nationals and granting work permits to non-nationals in order to meet the demand for professional and other skilled labour. The granting of work permits is covered under the Immigration Act 2002.

C. Education

37. Montserrat has educational infrastructure and services that provide full access to primary and secondary education. The Montserrat education system is broadly

based on the British system. The Department of Education is structured into several specialized organizational segments, including early childhood education, primary education, secondary education, post-secondary education, special needs, teacher training and education support services. There are several Government day-care facilities and nursery schools and one privately owned early childhood facility. The Government-owned Montserrat Secondary School is the only secondary school. The Montserrat Community College in Salem offers programmes for students aged 16 to 18, as well as nursing education and some technical skills courses. The University of the West Indies maintains an extramural department adjacent to the Community College. Postgraduate college students can study for a variety of long-distance degrees from the University.

38. According to the territorial Government, there were several successes in 2010 in the education sector, including the completion of a two-storey building at the Brades Primary School, and increases in annual attainment test averages for grades 3 and 5 from 52 per cent to 60 per cent for mathematics, and from 37 per cent to 39 per cent for language arts. Other results included the implementation of a change programme at the Montserrat Secondary School for those who attain a lower educational education, and a curriculum review and financial sustainability improvement plan at the Montserrat Community College.

D. Health

39. The Department of Health of Montserrat is responsible for providing primary and secondary health services to the territorial Government, including foster care, as well as health-related policy advice in such areas as general medical care, surgical care, diagnostic testing, eye and ear care and medication. In 2010 and 2011, the territorial Government continued to offer free emergency dental services for school-age children, the elderly, pregnant women and Government staff, and provided highly specialized health services through arrangements for a number of specialists to visit the island. Health education was provided throughout the period in oncology and sexually transmitted diseases, with considerable local and external support. Life expectancy in the Territory is estimated at approximately 73 years. According to the administering Power, in 2011 there were several cases of dengue fever in the Territory.

40. Montserrat's health facilities include the 30-bed Glendon Hospital in St. Johns in the north, which is able to cover all routine health issues, X-rays and minor operations, as well as several primary care clinics. According to the territorial Government, during 2011 plans to expand the hospital moved ahead. Arrangements are in place for a service to provide emergency medical evacuation to Antigua and Barbuda and Guadeloupe.

E. Crime and public safety

41. According to the Government of the United Kingdom, there is a low rate of crime in the Territory, despite a slight increase in 2011 in reported crimes of acquisition, particularly burglary. Under a five-year strategy, the Royal Montserrat Police Service is focusing on neighbourhood and intelligence-led policing, crime reduction and prevention, and partnership in the criminal justice system. As of 2011,

the police have a training unit and all new officers are trained on the island, resulting in substantial savings compared with the previous practice of having officers attend the Regional Police Training College in Barbados.

42. Criminal offences are dealt with under the Penal Code of Montserrat, revised in 2002. Under the Parole of Prisoners Act 2004, a Parole Board reviews cases for the release of prisoners into the community on licence, and makes recommendations to the Governor in that regard.

43. In keeping with international obligations, in 2010 and 2011, the territorial Government revised its legislation to combat money-laundering and the financing of terrorism. In addition, the Government hosted the Caribbean Financial Action Task Force's Mutual Evaluation team, which carried out an assessment of the jurisdiction's anti-money-laundering regime with a view to increase its effectiveness.

44. With regard to security matters, in 2011, the administering Power decided to deploy a specially equipped Royal Fleet Auxiliary to support disaster relief and counter-narcotics activities in the United Kingdom's Caribbean overseas territories, in implementation of the decisions taken in the recent United Kingdom Strategic Defence and Security Review.

F. Human rights

45. Under the new Constitution, provision is made regarding the fundamental rights and freedoms of the individual. The following international human rights instruments were extended to Montserrat: the European Convention on Human Rights; the International Covenant on Economic, Social and Cultural Rights; the International Covenant on Civil and Political Rights; the Convention against Torture and Other Cruel, Inhuman or Degrading Treatment or Punishment; the Convention on the Rights of the Child; the International Convention on the Elimination of All Forms of Racial Discrimination; and the Convention on the Elimination of All Forms of Discrimination against Women.

46. The Territory's Human Rights Committee, established in 2005, helps to fulfil Montserrat's responsibilities in meeting the reporting requirements under various international conventions; monitors the implementation of the relevant conventions; and advises the Government on matters related to human rights (see previous report, A/AC.109/2011/11).

V. Environment and volcanic activity

47. Following the 1995 eruption of the Soufrière Hills volcano, the Territory was divided in October 1996 to create an exclusion zone comprising roughly the southern two thirds of the island. The volcano erupted again in February 2010, followed by a quiet period. In 2011, the hazard level of the volcano was lowered to two out of five. The Montserrat Volcano Observatory website contains information on hazard levels and a map of the various zones.

48. According to the Government of the United Kingdom, work continued in 2011 on repairs to bridges and culverts that had been washed away by flooding and landslides caused by the passing of Hurricane Earl in 2010.

49. According to media reports, Montserrat's hazard emergency systems were being upgraded as part of the United Nations Development Programme's Regional Risk Reduction Initiative, to enable it to execute the Common Alerting Protocol, the international standard for alerting systems. Under that programme, the number of sirens in the Territory increased from 8 to 10 and the electronics of the existing sirens were upgraded and made more resilient to debilitating environmental conditions. Furthermore, as part of an outreach programme, the territorial Department of Environment published a brochure to raise awareness of climate change and the possible impact it could have on Montserrat's fragile and vulnerable natural environment and limited resources.

50. In January 2012, the United Kingdom Department for Environment, Food and Rural Affairs issued a paper entitled "The Environment in the United Kingdom's Overseas Territories: UK Government and Civil Society Support", on the advice and support available to the Territories in the areas of its competency, and highlighting the availability of departmental funds for that purpose.

VI. Relations with international organizations and partners

51. Montserrat is an associate member of the Economic Commission for Latin America and the Caribbean and its subsidiary bodies. The Territory also receives support from the United Nations Development Programme. As part of the first formal bilateral dialogue between the International Monetary Fund (IMF) and the Territory, initiated at the request of the Montserrat authorities, an IMF staff team visited the Territory in July 2011 and held productive discussions with the territorial Government and the opposition, as well as with banking, business and union representatives.

52. Montserrat is a founding member of both the Caribbean Community and the Organization of Eastern Caribbean States, and is a member of the institutions associated with those organizations, including the University of the West Indies, the Caribbean Development Bank and the Eastern Caribbean Central Bank. The Territory also has observer status with the Caribbean Financial Action Task Force.

53. As a Non-Self-Governing Territory of the United Kingdom, Montserrat is associated with the European Union but is not a part of it.

VII. Future status of the Territory

A. Position of the territorial Government

54. The position of the Government of Montserrat on constitutional reform is set out in section I, above.

B. Position of the administering Power

55. On 3 October 2011, at the second meeting of the Special Political and Decolonization Committee of the General Assembly at its sixty-sixth session, the representative of the United Kingdom said that the British Government's relationship with its Overseas Territories was a modern one based on partnership, shared values and the right of each Territory to determine whether it wished to remain linked to the United Kingdom or not. Where independence was an option and was the clear and constitutionally expressed wish of the people of a Territory, his Government would help that Territory to achieve it. Where a Territory wished to retain its link to the United Kingdom, his Government would remain committed to its future development and continued security (see A/C.4/66/SR.2).

56. The representative went on to say that the British Foreign Secretary had recently announced the Government's new strategy towards the Overseas Territories, and that the time was not right to embark on further constitutional change. Rather, his Government was focusing on three practical policy goals: to strengthen interaction between the United Kingdom and its Territories; to work with the Territories to strengthen good governance, public financial management and economic planning where necessary; and to improve the support available to the Territories. The implementation of the new strategy would take different forms in each Territory, and a public consultation exercise had been launched in order to encourage the Territories and other stakeholders to input their views on priorities. The outcome of the exercise would inform the White Paper on the Territories that the British Government intended to publish in 2012. The British Government was committed to allowing each Territory to run its own affairs as far as possible, which entailed responsibilities and good governance on the part of the Territory. The representative further stressed that, where high standards of probity and governance were not maintained, the United Kingdom did not hesitate to intervene.

C. Action taken by the General Assembly

57. On 9 December 2011, the General Assembly adopted without a vote resolutions 66/89 A and B, based on the report of the Special Committee on the Situation with regard to the Implementation of the Declaration on the Granting of Independence to Colonial Countries and Peoples (A/66/23). In section VII of resolution 66/89 B, concerning Montserrat, the General Assembly:

> 1. *Recalls* the progress made by the territorial Government and the administering Power on concluding the negotiations to reform the Constitution of the Territory, and welcomes the approval of a new Constitution for the Territory;
>
> 2. *Requests* the administering Power to assist the Territory by facilitating its work concerning public outreach efforts, consistent with Article 73 *b* of the Charter of the United Nations, and, in this regard, calls upon the relevant United Nations organizations to provide assistance to the Territory, if requested;
>
> 3. *Welcomes* the active participation of the Territory in the work of the Economic Commission for Latin America and the Caribbean;

4. *Calls upon* the administering Power, the specialized agencies and other organizations of the United Nations system, as well as regional and other organizations, to continue to provide assistance to the Territory in alleviating the consequences of the volcanic eruption.